

Message Text

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FOR: CHAIRMAN SECRETARY'S OPEN FORUM S/P

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TAGS: PFOR, OGEN, BL

SUBJECT: OPEN FORUM ARTICLE ON TIN: DRAFTING CHANGES

REF: (A) A-5 JANUARY 10, 1978, (B) STATE 146275

1. PLEASE MAKE THE FOLLOWING CHANGES TO SUBJECT ARTICLE TITLED
U.S. COMMODITY POLICY: THE CASE OF TIN.

2. PARAGRAPH 2 LAST SENTENCE CHANGE VERB FROM ARE TO WILL BE.

3. PARAGRAPH FOUR ADD FOLLOWING AS LAST SENTENCE: IN THE FUTURE
THE USE OF SINTERED TIN IN CASTINGS FOR THE AUTOMOTIVE INDUSTRY
AND TIN-CADMIUM MECHANICALLY PLATED COATINGS IN AUTOMOTIVE
PLATING APPLICATIONS COULD INCREASE USE IN THIS INDUSTRY.

4. PARAGRAPH FIVE REMOVE FIFTH THROUGH ELEVENTH SENTENCES
BEGINNING WITH CURRENT PRICES AND ENDING WITH DISCOURAGED
AND ADD THE FOLLOWING.

A KEY ELEMENT IN THE INTERNATIONAL TIN MARKET IS THE IMPACT
THAT U.S. STRATEGIC STOCKPILE SALES HAVE HAD SINCE 1956, AND
THAT PURCHASES FOR THE U.S. STRATEGIC STOCKPILE BY THE
GENERAL SERVICES ADMINISTRATION (GSA) HAD IN THE
INTERNATIONAL TIN MARKET FROM 1946 TO 1955. BY 1956 THE
U.S. HAD 348,000 LT (LONG TONS) OF TIN IN ITS STOCKPILE.

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A SERIOUS TIN DISPOSAL PROGRAM WAS BEGUN IN 1962 AND FROM
1958 TO 1977 THE GSA DISPOSED OF ABOUT 165,000 LT OF TIN.
FROM 1958 TO 1977 FREE WORLD CONSUMPTION OF PRIMARY TIN
EXCEEDED PRODUCTION IN EVERY YEAR EXCEPT 1967 - 1968 AND
THE RECESSION YEAR OF 1975. THUS U.S. PURCHASES OF TIN
HELPED SUSTAIN A MARKET PRICE SOMEWHAT HIGHER THAN WOULD
OTHERWISE HAVE PREVAILED DURING THE DECADE OF 1946 TO 1955.

BUT SINCE THAT TIME, GSA SALES HAVE HELD DOWN THE WORLD MARKET PRICE. GSA SALES OF TIN HAVE CLOSED THE GAP BETWEEN FREE WORLD PRODUCTION AND CONSUMPTION SINCE THE 1960'S BUT AT THE SAME TIME THE SALES HAVE PREVENTED THE PRICE FROM RISING TO A POINT SUFFICIENTLY HIGH TO CALL NEW MINES INTO PRODUCTION. THESE NEW MINES AS WELL AS EXISTING MINES MUST TAKE INTO ACCOUNT LOWER GRADES, HIGHER LABOR AND MATERIALS COSTS AND HIGHER SMELTING AND REFINING COSTS. TO TALK NOW OF A RETURN TO THE LONGRUN SUPPLY-DEMAND EQUILIBRIUM OF THE PAST FIFTEEN YEARS OF SO IS TO TALK OF A RETURN TO A TIME WHEN WORLD TIN PRICES HAD BEEN STRONGLY DAMPENED BY GSA SALES. UNDER SUCH AN EQUILIBRIUM, NO NEW TIN MINES WILL BE CALLED INTO PRODUCTION.

5. MOVE LAST TWO SENTENCES AT END OF PARAGRAPH FIVE TO THE END OF PARAGRAPH SEVEN AND ADD THE WORD ALSO I.E. ALSO THE MAJOR TIN PRODUCERS ETC. CHANGE PARAGRAPH SEVEN TO PARAGRAPH EIGHT AND MOVE EIGHT UP TO SEVEN. ADD FOLLOWING TO PENULTIMATE SENTENCE OF PARAGRAPH SEVEN (NEW PARA 8) AFTER IS CALLED FORTH QUOTE ON THE SUPPLY SIDE AND CONSUMPTION REDUCED ON THE DEMAND SIDE UNQUOTE.

6. IN THE FIRST SENTENCE OF PARAGRAPH EIGHT (NEW PARA 7) AFTER 1977 ADD AND 1978 AND END SENTENCE THERE THUS ELIMINATING THE REMAINDER OF THE SENTENCE. AFTER THE FOURTH SENTENCE ADD THE FOLLOWING AND BEGIN NEXT SENTENCE WITH ADDITIONALLY WE HAVE UNCLASSIFIED

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ETC. BEGIN QUOTE IN MARCH 1978 THE WHITE HOUSE ANNOUNCED SUPPORT FOR THE ILL-CONCEIVED UDALL-DECONCINI BILL WHICH WOULD HAVE AUTHORIZED GSA SALE OF 45,000 LT ON TIN AND TIED COPPER PURCHASES TO TIN SALES. POLITICAL PRESSURES FROM THE WESTERN COPPER PRODUCING STATES WOULD HAVE RESULTED IN HASTY AND EXCESSIVE TIN SALES WITH CONSEQUENT DAMAGE TO THE TIN INDUSTRY AND TO TIN PRODUCING COUNTRIES. THE ANNOUNCEMENT OF WHITE HOUSE SUPPORT FOR THIS BILL CAUSED PROLONGED NEGATIVE REACTIONS IN BOLIVIA AND IN OTHER PRODUCING NATIONS. CONGRESSIONAL COMMITTEES ARE NOW AT WORK ON A COMPROMISE TIN DISPOSAL BILL. CONGRESS HAS BEEN FLOODED WITH INFORMATION FROM ALL SIDES AND IN MID JUNE WILL APPARENTLY AUTHORIZE SALE OF ABOUT 30,000 LT OF TIN. THIS ACTION COULD PRODUCE NEGATIVE ECONOMIC AND POLITICAL REACTIONS DEPENDING ON HOW THE SALE IS HANDLED. BUT IN ANY CASE THIS REPRESENTS A PEICEMEAL APPROACH TO U.S. TIN POLICY AND THE PROBLEMS OF THE TIN INDUSTRY. END OF QUOTE.

7. NINTH PARAGRAPH TAKE OUT BEGINNING WORD HOWEVER.
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